

GLOBAL NEWS LINE

UNITED KINGDOM

On September 10, 2002, Oftel, the U.K. telecommunications regulator, published proposals that should force the local incumbent, British Telecom (BT), to reduce rental charges for so-called partial private circuits (PPC). These are circuits provided to competitors to allow them to connect their business customers to the Internet. The move should help to stimulate further competition in the industry. This should and also make it cheaper for businesses to gain high-speed access to the Internet. Oftel's decision comes on the heels of an OECD survey of broadband access in which the United Kingdom was ranked a lowly 22nd among 30 countries.

In contrast to the steady uptake of broadband services in the business sector, the consumer segment is booming. The one-millionth broadband connection was installed this summer, which means that 4.3 percent of households now have a broadband connection. The number of broadband connections has risen from 500,000 to 1 million in six months, and new connections are running at a rate of 20,000 per week.

Broadband is available to consumers through many different service providers that use a variety of networks. A sharp reduction in price, brought about by a reduction in BT's wholesale rate, is seen as the catalyst that is driving the market forward. A monthly subscription now falls within the range £20–35 (\$30–50), with BT's wholesale price presently pegged at £14.75 (\$21) per month.

Though consumer broadband connection is increasing rapidly, the United Kingdom's local loop unbundling initiative has had only a limited effect on the market. Of the 1 million broadband subscribers in the country, only 1,400 are a direct result of local loop unbundling.

With unbundling seen by many as a failure, the cable companies NTL and Telewest provide the stiffest

competition for BT in the consumer sector. NTI and Telewest install more than half of all new connections. Both companies, however, have experienced financial problems of late, which have affected their ability to invest in support services and new infrastructure.

SWEDEN

The security and alarm systems market is growing rapidly in Sweden. Innovation and product development are the key trends.

The Swedish market for security and alarm systems is characterized by constant product development and innovation. According to the annual survey of the magazine *Aktuell Sakerhet*, the revenue of the 160 companies active within security and alarm systems amounts to \$520 million.

The fastest-growing segment is CCTV and other TV and video surveillance. The traditional solutions normally consist of closed-circuit televisions, static monitors, and video recorders. However, the increasing and changing demand for security calls for IP-based surveillance systems with real-time video, image storage, and movement detection.

The number of companies providing TV and video surveillance services is currently 80, of which 14 companies provide this service alone.

Other large categories are burglar alarms (70 service and equipment companies), mechanical locks (43 companies), and related services in which Sweden is also the world-leading manufacturer.

The trend continues to be the creation of integrated security solutions and so-called building management systems. Companies desire tailor-made rental security solutions, which require smaller investments but are of a high service standard. The expanding security services market provides good business opportunities for U.S. security services and equipment providers.

DENMARK

All signs indicate that some 4,000 Copenhagen residences will be heated with geothermal energy over the course of 2004.

A test dig undertaken at the Amager heating plant in June and July of 2002 confirmed official projections on a timeline for geothermal energy in the capital city region, according to the National Energy Council.

Officials say that there is enough hot water flowing 2.5 km under the streets of Copenhagen to provide geothermal energy to thousands of homes. Researchers had hoped to find water up to 80 degrees Celsius in warmth flowing underground, but at the subterranean depth at which conditions are considered ripe for geothermal energy digging, the average water temperature is just 73 degrees Celsius. Although this is less than expected, it is still sufficient to support the construction of a geothermal plant.

Two additional studies are yet to be done before authorities will make the final decision on whether to erect a plant in Copenhagen. Officials will study the chemical composition of the underground water as well as flow conditions at the site of the test dig.

In any event, authorities are expected to draft a debate on a geothermal plant that could eventually service 1 percent of the capital city's homes. A possible Copenhagen geothermal plant would be this country's second, following construction of a similar plant in Thisted, in Jutland. According to the National Energy Council, there are 100 geothermal plants currently operating in Europe.

FINLAND

Franchising grew rapidly last year in Finland. Retailing experienced the strongest increase in activity, with the restaurant business just a step behind. The growth of the service sector was slightly slower.

Franchising chains employ approximately 38,000 Finns. These chains created 9,300 new jobs last year. The 2001 sales volume of franchising chains in Finland totaled approximately \$3.46 billion.

Last year, 40 new chains began operating in Finland. However, 17 chains left the market, which according to local sources is not exceptionally high given that many new concepts enter the market without thorough market research. In 2001, only two franchising chains went bankrupt.

Some 164 franchising chains operate in Finland, of which 119 are Finnish and 27 are foreign. Last year, there were 69 chains in retailing, 67 in the service sector, and 28 in the restaurant business. A closer look reveals that the first place is taken by retailing with 41 chains. There are 27 franchising chains in the fast food industry. The fast food hamburger market is shared by two large operators: McDonald's and Hesburger, the domestic chain. McDonald's market share is 47 percent, and Hesburger's share is 53 percent. The car industry had 16 chains in car rental and car services.

The number of franchising chain outlets grew even more rapidly: 26 percent, which means 1,186 outlets. The number of service outlets grew 35 percent. Restaurant outlets increased 23 percent, and retailing outlets grew 23 percent. Such strong growth can be explained by a couple of big chains entering the market. Three-quarters of chains are planning to expand. The increase is estimated to mean 700 new outlets within a year.

FYR MACEDONIA

On October 15, 2002, Macedonia, a country of 2 million people in South-east Europe, completed negotiations with the World Trade Organization (WTO), allowing Macedonia to become the 145th member of the WTO. The General Council of the WTO approved Macedonia's accession into the multilateral trading system, making way for a more predictable environment for U.S. businesses entering the market of Macedonia.

Following the Council's decision in a ceremony with the WTO Director-General Dr. Supachai Panitchpakdi, the Minister of Economic Affairs of Macedonia, Besnik Fetai, signed the protocol of accession, completing negotiations and turning the agreement over to the Parliament of Macedonia for formal ratification. The Parliament has until March 31, 2003 to approve the agreement, which enters into effect 30 days thereafter.

Upon ratification, Macedonia will join 12 other Central and Eastern European countries in the World Trade Organization. As a member, Macedonia will be mutually bound by international agreements covering a range of issues, including tariff reduction, intellectual property rights, and national treatment for foreign businesses. Officials in Macedonia hope this agreement, together with tax and investment incentives, will generate renewed interest among foreign businesses.

JAPAN

Japanese imports of cosmetics products totaled \$955.2 million in 2001, which was an increase of 9 percent over 2000 in yen terms. France and the United States were the top suppliers, accounting for 62 percent (¥72 billion) of total cosmetics imports. Meanwhile, cosmetics imports from China increased from ¥2 billion in 2000 to ¥4 billion in 2001, a remarkable 100-percent increase.

Despite the recession, industry sources say that Japanese consumers' interest in beauty and health continues to be high. Japanese cosmetics manufacturers are highly competitive compared with companies from other Asian countries. U.S. manufacturers of cosmetics should keep an eye on the Japanese market, because it is the second-largest market after the United States. A successful product in Japan is very likely to be successful in other international markets.

CHILE

In the coming years, two-thirds of the Chilean companies will be connected to Internet—and half of them through broadband.

The government of Chile continues to develop various initiatives for the use of information and communications technology in local companies to increase their competitiveness. This is a high governmental priority now that Chile is in the final phase of negotiations of free trade agreements with the European Union and the United States.

E-government initiatives promote the use of IT in the private sector. By December 2003, the Chilean under secretary of economic affairs expects to have some 35 on-line official proceedings, which will reduce time and paperwork for companies connected to the government. Another strategic initiative is www.compraschile.cl, the e-invoice and the digital signature project. As part of the government modernization process, the under secretary expects to integrate in the near future all state services, which will enable any given citizen to obtain documents with an ID number, regardless of where he is geographically located.

A second key factor in this modernization process is an adequate regulatory framework for broadband. A third key factor is the mass education of Chileans to include digital literacy and English learning. A fourth key element is the creation of an entity to foster the development of e-commerce in which digital signatures will play a key role, while protecting consumer rights and privacy by creating an adequate environment for companies to turn to new technologies. Last but not least, the fifth key factor for the incorporation of information and communications technologies in Chilean companies is to attract foreign investment in the high-tech and IT sector, specifically in data center services, as well as financing information technology through funds and risk capital. ■

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